

**CITY OF RIO RANCHO
DEPARTMENT OF FINANCIAL SERVICES**

MEMORANDUM

DATE: November 27, 2017

TO: Mayor Gregory Hull, Council Members Jim Owen, Dawnn Robinson, Cheryl Everett, Marlene Feuer, Jennifer Flor, and Dave Bency
Keith Riesberg, City Manager
John Craig, Deputy City Manager

FROM: Carole H. Jaramillo, Director of Financial Services

SUBJECT: **November Gross Receipts Tax and Recent Labor Market Indicators**

Gross Receipts Tax

Attached please find the monthly dashboard for November GRT collections. For the month, the City's GRT revenue in the General Fund totaled \$2,289,175 which was \$366,424 below the projection. The year-to-date negative budget to actual variance continues to increase and has reached \$836,890 or 6.7 percent. Compared to the prior fiscal year, there is a negative cumulative variance is \$1,383,264 or 10.5 percent. However, you may recall in November, 2016 there was an error in the State's distribution calculation which caused a large spike in the medical hold harmless distribution which is skewing the comparative information by approximately \$350,000. Due to continuing declines in our gross receipts taxes, the Financial Services Department staff is evaluating options to offset reductions in the GRT projections at mid-year.

GRT trends for each major industry are shown in Table 4 of the Dashboard on the next page. Sectors with positive growth compared to the same period in FY 2017 are the "other" category at 29.8 percent, professional, education and other services at 14.5 percent, finance, insurance and real estate at 13.0 percent, utilities, transportation and warehousing at 10.4 percent, health care and social assistance at 7.4 percent, accommodation and food services at 4.4 percent, information and cultural industries at 1.1 percent, and retail trade at 1.0 percent. There is significant negative growth in the key sector of construction at 26.3 percent as well as manufacturing at 45.0 percent. The food distribution is down by 32.7 percent when compared to FY 2017 and the medical distribution is down by 53.8 percent, however, this comparison is skewed because of the error in the State's distribution calculation in November, 2016.

Labor Market Indicators

Employment for the Albuquerque MSA for the month of October grew 1.5 percent over the year, gaining 6,000 jobs. Following is the link to the state's monthly *Labor Market Review* reporting web page:

https://www.dws.state.nm.us/Portals/0/DM/LMI/lmrOct_17.pdf

For the state as a whole, New Mexico's seasonally adjusted unemployment rate was 6.1 percent in October, 2017, down from 6.2 percent in September and down from 6.8 percent in October 2016. In contrast, the national unemployment rate was 4.1 percent, down from 4.2 percent in September and down from 4.8 percent in October 2016. The full October *Employment News Release* (statewide numbers only) can be found here:

https://www.dws.state.nm.us/Portals/0/DM/LMI/pr-pdf_1017.pdf

Rio Rancho Gross Receipts Tax Dashboard

Chart 1: Gross Receipts Tax Monthly Revenue General Fund FY18 Estimate vs. Actual

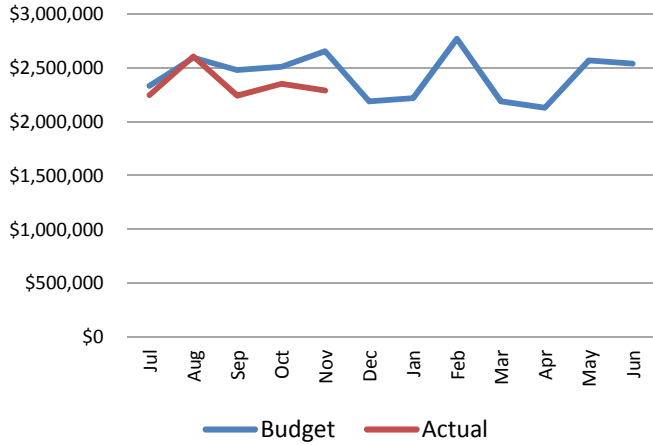


Chart 2: Gross Receipts Tax Monthly Revenue General Fund Current Year vs. Prior Years

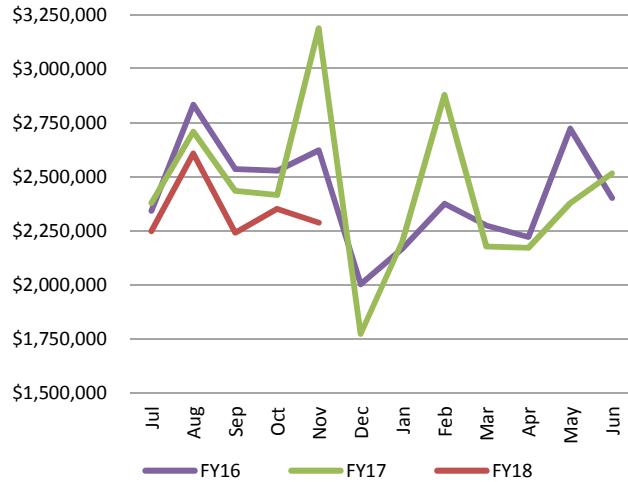


Chart 3: Gross Receipts Tax Year-to-Date Revenue General Fund Current vs. Prior Years

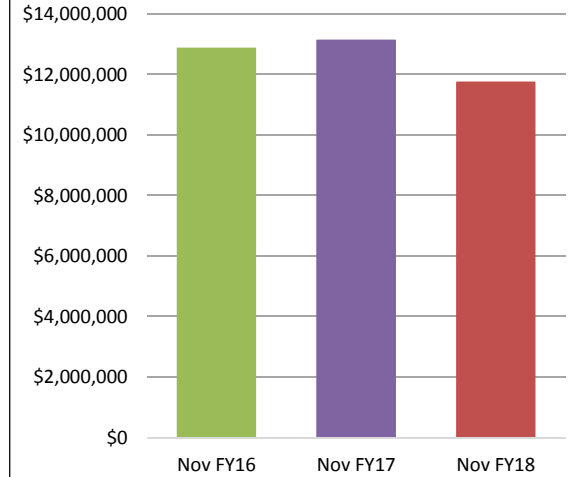


Chart 4: GRT Distribution by Industry % Change FY18 YTD compared to FY17 YTD

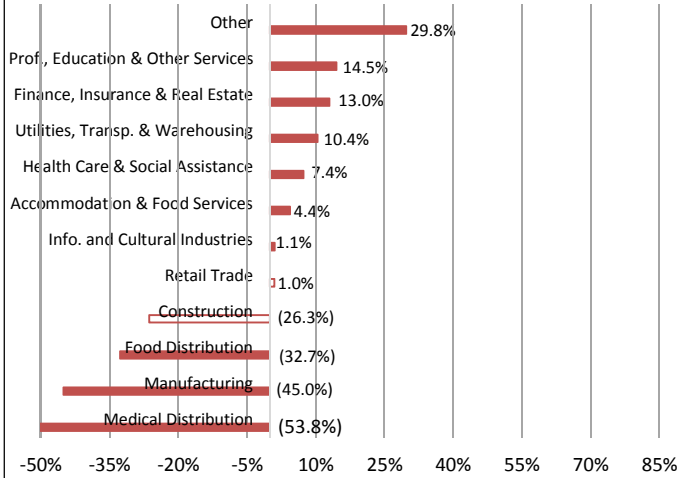


Chart 5: GRT Distribution by Industry FY18 YTD

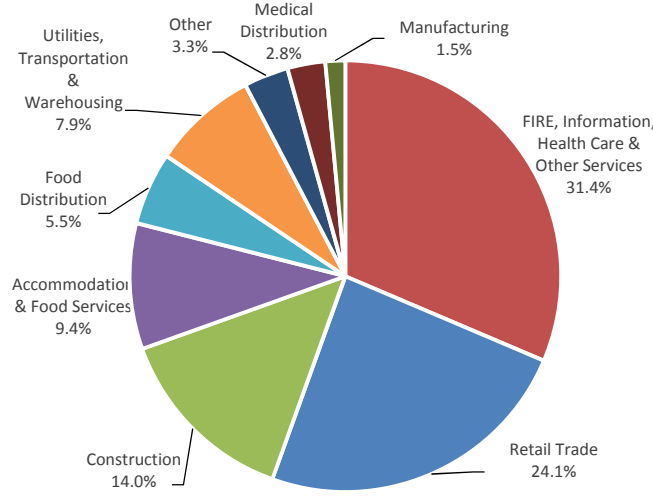


Chart 6: Changing Composition of GRT

